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D15

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INQUIRE=DOC15D
ITEM NO=00104089

ENVELOPE

CDSN = LGX654 MCN = 91195/04933 TOR = 911950955
RTTUZYUW RUEKJCS1785 1950954-UUUU--RUEALGX.
ZNR UUUUU

HEADER

R 140954Z JUL 91
FM JOINT STAFF WASHINGTON DC
INFO RUEADWD/OCSA WASHINGTON DC
RUENAAA/CNO WASHINGTON DC
RUEADWD/PTC WASH DC
RUSNNOA/USCINCEUR VAIHINGEN GE
RUFGAID/USEUCOM AIDES VAIHINGEN GE
RUEKCCG/USDP-CCC WASHINGTON DC
RUEOFAA/COMJSOC FT BRAGG NC//J2//
RUCQVAB/USCINCSOC INTEL OPS CEN MACDILL AFB FL
RUCJACC/USCINCCENT MACDILL AFB FL//CARA//
RUWSMXI/MAC INTEL CEN SCOTT AFB IL//IN//
RUEOACC/CDRPSYOP GP FT BRAGG NC//ASOF-POG-SB//
RUQYSDG/FOSIF ROTA SP
RHGGSRB/COMUSARCENT FT MCPHERSON GA//AFRD-DSO//
RUEALGX/SAFE

R 140705Z JUL 91
FM AMEMBASSY DOHA
TO RUEHC/SECSTATE WASHDC 3343
INFO RUCPDC/USDOC WASHDC
RUEATRS/TRSYDEPT WASHDC
RUFHAD/AMEMBASSY ABU DHABI 8516
RUEHKU/AMEMBASSY KUWAIT 6620
RUEHMA/AMEMBASSY MANAMA 8374
RUFHMS/AMEMBASSY MUSCAT 7225
RUEHRH/AMEMBASSY RIYADH 6777
RUFHLD/AMEMBASSY LONDON 1640
RUFHFR/AMEMBASSY PARIS 1153
RUEHIL/AMEMBASSY ISLAMABAD 0449
RUEHEG/AMEMBASSY CAIRO 0181
RUEHDH/AMCONSUL DHAHRAN 3903
RUEHJI/AMCONSUL JEDDAH 5499
RUEHKP/AMCONSUL KARACHI 2238

BT

CONTROLS

UNCLAS SECTION 01 OF 02 DOHA 01785

STATE FOR NEA/ARP
USDOC FOR IEP/ANESA/ONE

E.O. 12356: N/A

/***** THIS IS A COMBINED MESSAGE *****/

BODY

DEPARTMENT OF STATE

☒ RELE/3E ☐ DECLASSIFY
☐ EXCISE ☐ DECLASSIFY
☐ DENY IN PART
☐ DELETE Non-Responsive Info
FOIA Exemptions
PA Exemptions

IS/FPC/CDR

MR Cases Only:
EO Citations

Date: 9/8/94

TS authority to:
☐ CLASSIFY ☐ S or ☐ C OADR
☐ DOWNGRADE TS to ☐ S or ☐ C OADR

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TAGS: EFIN, ECON, BTIO, QA
SUBJECT: BANK OF CREDIT AND COMMERCE INTERNATIONAL
(BCCI) - QATARI ASPECTS

REF: DOHA 1786

1. THE BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI), WHOSE ASSETS WERE FROZEN IN THE UK AND SEVERAL OTHER COUNTRIES BEGINNING JULY 5, HAS NO RPT NO BRANCH IN QATAR.

2. HOWEVER, IN QATAR, BCCI MANAGED ONE OF THE MEDIUM-SIZED EXCHANGE CONCERNS, NAMELY, QATAR FINANCE AND EXCHANGE COMPANY (QFEC). THIS PRIVATE FIRM HAD CEASED ITS OPERATIONS ON ITS OWN BY THE MIDDLE OF JUNE. APART FROM BEING INVOLVED IN EXCHANGE AND REMITTANCE OPERATIONS, QFEC IS SAID TO HAVE MOPPED UP SURPLUS FUNDS FOR PLACEMENT IN BCCI BRANCHES IN PAKISTAN AND OTHER COUNTRIES.

3. IN QATAR, UNCERTAINTY OVER THE FUTURE OF BCCI HAS PREVAILED AMONG INVESTORS WHO HOLD DEPOSITS IN IT WORTH SOME MILLIONS OF DOLLARS. REACTING TO THE COLLAPSE OF BCCI, SEVERAL INVESTORS IN DOHA ARE REPORTED TO HAVE CONTACTED THEIR LOCAL BANKS AS WELL AS THE BCCI BRANCHES CONCERNED TO RECALL THEIR DEPOSITS AND/OR ASCERTAIN THE FATE OF THEIR SAVINGS. THE FREEZE IMPOSED BY DIFFERENT COUNTRIES ON THE BCCI ASSETS HAS, IN FACT, CAUSED SOME WORRY TO ALL INVESTORS IN DOHA, INCLUDING THOSE WHO DO NOT REALLY HAVE DEPOSITS IN THAT BANK.

4. MOST OF THE QATARI INVESTORS AFFECTED BY THE BCCI COLLAPSE HAVE ACCOUNTS IN THE BANK'S BRANCHES IN THE U.K., PAKISTAN AND EGYPT. EMBASSY CONTACTS AT THE QATAR MONETARY AGENCY (QMA) (CENTRAL BANK) HAVE CONFIRMED PRESS REPORTS TO THIS EFFECT.

5. EMBASSY CONTACTS AT QMA AS WELL AS AT QATAR NATIONAL BANK (QNB), QATAR'S LARGEST BANK, STATED THAT QMA AND QNB DO NOT RPT DO NOT HOLD ANY INVESTMENT ACCOUNTS WITH BCCI. BOTH INSTITUTIONS WERE CONSULTED BECAUSE THEY ARE THE TWO CONCERNS WHICH ARE MOST LIKELY TO HAVE A SIGNIFICANT IMPACT ON THE QATARI MARKET IF THEY WERE INVOLVED WITH SUBJECT BANK CRISIS. (SEE ALSO SEPTTEL ON QNB).

6. THE ABOVE TWO SOURCES AND OTHER LOCAL PRIVATE BANKS/EXCHANGE DEALERS STATED THAT THEY WERE AWARE OF ABOUT 20 PRIVATE QATARI INVESTORS WITH DEPOSITS WORTH UP TO USD 5 MILLION IN THE BCCI BRANCHES IN THE U.K., EGYPT AND PAKISTAN. A PRIVATE BUSINESSMAN TOLD

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EMBASSY THAT QATARI PRIVATE DEPOSITS IN BCCI MAY REACH TWICE THE ABOVE AMOUNT. (THIS DOES NOT INCLUDE THE PRESUMABLY MUCH LARGER NUMBER OF FOREIGNERS RESIDENT IN QATAR WHO MUST HAVE HAD SAVINGS IN BCCI.) QMA IS SAID TO BE IN TOUCH WITH CENTRAL BANKS IN MAJOR CITIES WORLD-WIDE TO KNOW WHAT MEASURES ARE BEING TAKEN TO PROTECT THE DEPOSITORS. QMA IS FURTHER INTERESTED IN THE BCCI LIQUIDATORS' FINDINGS IN THE U.K. OR ELSEWHERE.

7. FOR SOME QATARI BANKERS, THE BRITISH MOVE ON BCCI WAS A SURPRISE. THOSE BANKERS AND OTHERS BELIEVE THAT BCCI SHAREHOLDERS (NOTABLY ABU DHABI'S RULING FAMILY, BELIEVED TO HOLD OVER 77 PERCENT OF THE SHARES) HAVE INJECTED FRESH CAPITAL IN THE BANK IN PAST YEARS WHEN THERE WAS SUCH A NEED. CONTACTS IN BANKING CIRCLES IN DOHA BELIEVE THAT THE BRITISH MEASURE AGAINST BCCI WAS PROMPTED BY POLITICAL CONSIDERATIONS. REGARDLESS OF THE CAUSES AND REPERCUSSIONS OF THE BCCI CRISIS, SOME QATARI INVESTORS AND MEMBERS OF THE FINANCIAL COMMUNITY - INCLUDING INDIVIDUALS FROM BOTH PUBLIC AND PRIVATE CIRCLES - TEND TO BLAME THE BRITISH FINANCIAL AUTHORITIES' STAND ON BCCI AND DISPLAY LACK OF

/***** BEGINNING OF SECTION 002 *****/
CONFIDENCE IN THE BRITISH BANKING SYSTEM FOR THE SHORT AND LONG TERM. HAMBLEY

ADMIN
BT

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